

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Voluntary Public

Date: 12/10/2010

GAIN Report Number: AS1041

Australia

Post: Canberra

Ag DownUnder - Issue 7 2010

Report Categories:

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Grain and Feed

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Eastern Australia is awash. The November and December rainfall totals have broken records, devastated hopes of a bumper harvest and isolated many rural communities.



Water surrounds a homestead on a property in the town of Wee Waa, Northern New South Wales (Brian Harvey)
Source: [ABC Rural News](#)



A corn crop only just pokes through flood waters west of the Grampians (Laura Poole)
Source: [ABC Rural News](#)

Winter crop harvest under way as rain continues in eastern Australia

Eastern Australia appears to have finally broken the grip of the longest and most severe drought in recorded history. The wet conditions in eastern Australia remain in stark contrast to the onset of severe drought in the Western Australian wheat belt, which remains the only area of Australia in drought.

Above-average rainfall experienced in eastern Australia throughout CY 2010 has persisted into the crucial 2010/11 winter crop harvest period. According to official rainfall data for the month of November, key wheat production regions in Victoria, New South Wales and Queensland received up to three times their monthly average rainfall. (See attaché report: [Winter crop harvest under way as rain continues in eastern Australia](#))

Grain and Feed Lock-up November 2010

The longest running and most severe drought in the history of eastern Australia appears to be over as growers anticipate record yields for the 2010/11 winter cereal crop (for wheat and barley). Sorghum plantings are expected to increase significantly while rice plantings are anticipated to increase sharply. Production of rice is forecast to increase five fold while exports of rice are forecast to increase eight fold, following record low levels. Western Australia however, is facing worsening drought conditions which have slashed forecasts for its upcoming winter cereal harvest (wheat and barley).

(See attaché report: [Grain and Feed Lock-Up – November 2010](#))

Recent ABARE Report

The Australian Bureau of Agriculture Research Economics (ABARE) have forecast a record wheat and cotton crop and increased rice and sorghum production in the recently released December [crop report](#). Historically wet conditions at harvest in eastern Australia and severe drought conditions in Western Australia have created skepticism towards the recent forecast by ABARE of a record wheat crop.

Australian Crop Forecasts (ABARE 12/7/2010, ABARE 9/14/2010 and Post 10/29/2010)							
		Wheat (10/11)	Barley (10/11)	Cotton (10/11)	Rice (11/12)	Sorghum (11/12)	
Area (Ha)	New ABARE	13,374	4,077	557	89	697	
	Old ABARE	13,374	4,077	408	67	602	
	Post	13,350	4,200		82	600	
	Prev record	14,028	5,015	561	177	942	
Yield (MT/Ha)	New	2.01	2.41	1.61	8.99	2.80	
	Old	1.88	2.15	1.6	9.09	2.83	
	Post	1.74	1.88			3.25	
	Prev record	2.11	2.32	2.12	10.8	4.02	
Production (TMT)	New ABARE	26,824	9,813	894	802	1,951	
	Old ABARE	25,099	8,771	923	611	1,707	
	Post	23,188	7,900		800	1,950	
	Prev record	26,132	10,382	740.5	1,643	3,790	

"The rainfall over late spring and into early December in the eastern states has delayed harvest and lowered crop quality, with reports of lower protein wheat, a higher proportion of feed barley and sprouting of grain in some regions. The full extent of the quality downgrade will not be known until more of the harvest is complete in southern regions. Given the total area sown to winter crops in 2010-11 is estimated to have decreased by 4 per cent to around 22 million hectares, much higher than average crop yields account for the forecast higher production as compared with last season." Source: [ABARE Crop Report December 2010](#)

Australian wine industry

Australia's grape harvest fell by 7.5 per cent, or more than 100,000 tonnes in the past financial year. A drop in production was likely due to wine growers ripping out vines resulting in area bearing vines falling over 2009-10. News of a lower harvest may assist industry reconstruction as Australia has accumulated a glut in wine stocks over the past decade. Source: [Farm OnLine](#)

Wine production is also likely to be hit by wet weather, with outbreaks of fungal disease damaging grapes. In New South Wales, experts say that production could be 20 per cent lower than expected as a result of recent flooding. Source: [Farm OnLine](#)

Murray-Darling reforms in turmoil

The Australian federal government is under pressure regarding its draft water reform plan after the head of the Murray-Darling Basin Authority, Mike Taylor, resigned with a blunt warning that the legislation requires the environment be given priority over rural communities. Source: [The Age](#) The draft plan proposes that irrigators in the Murray Darling Basin reduce water usage by up to 40 per cent.

Dairy and Products Annual 2010

Improved dairy production conditions in CY 2010 are expected to continue through CY 2011. Post has assumed milk yields will reach record or near record levels on a per cow basis in CY 2011.

Total cow numbers are also expected to increase in CY 2011. (See attaché report: [Dairy and Products Annual 2010](#))

Australia moves toward phasing out the use of sow gestation stalls

Australian pork producers have claimed to be the first in the world to vote to voluntarily phase out gestation stalls by 2017. The decision, which was announced on November 8 2010, is estimated at a cost of AU\$95 million. The industry is asking for assistance from regulators, stakeholders, retailers, consumers and the general community. In voting to phase out gestations stalls, the industry says it recognizes the argument against gestation stalls has moved beyond science and seeks to address what the industry calls "growing unrest among customers". (See attaché report: [Australia Moves toward Phasing Out the Use of Sow Gestation Stalls](#))

Exchange Rate: Noon rate December 10, 2010 US Dollar \$1 =AUS \$1.0162

Recent Reports from FAS/Canberra

The reports listed below can all be downloaded from the FAS website at:
<http://www.fas.usda.gov/scripts/AttacheRep/default.asp>.

Title of Report	Date
Winter crop harvest under way as rain continues in eastern Australia	11/30/10
Australia Moves toward Phasing Out the Use of Sow Gestation Stalls	11/24/10
Dairy and Products Annual 2010	11/23/10
Grain and Feed Lock-Up – November 2010	10/28/10
Ag DownUnder – Issue 6 2010	10/15/10
Sugar Semi Annual 2010	09/29/10
Livestock and Products Annual	09/01/10
Stone Fruit Annual 2010	08/20/10
Grain & Feed Update – August 2010	07/30/10
Ag DownUnder Issue 5 2010	07/22/10